

KMB:MAA
F.#2004R01618

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

FILED *02*
IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.
★ MAR 30 2005 ★

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UNITED STATES OF AMERICA

- against -

SIMONE V. PALAZZOLO,
MARTIN I. SAPOSNICK and
MARK SHREYBERG,

Defendants.

- - - - - X

THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Superseding Indictment,
unless otherwise indicated:

Trade Wind Communications, Ltd.

1. Trade Wind Communications, Ltd. ("Trade Wind") was a communications company headquartered in Sydney, Australia, the common stock of which was publicly traded through the "Pink Sheets" electronic quotation system under the ticker symbol "TRWDF."

Delta Asset Management

2. Delta Asset Management ("Delta") was a broker-dealer of securities registered with the United States Securities and Exchange Commission ("SEC") and the National Association of Securities Dealers, Inc. ("NASD"). Delta's principal office was

BROOKLYN OFFICE
S U P E R S E D I N G
I N D I C T M E N T

Cr. No. 04-685 (S-1) (NGG)
(T. 18, U.S.C., §§ 1348,
1349, 1956(h), 2 and
3551 et seq.)

located at 300 Old Country Road, Mineola, New York. In or about January 2004, Delta opened a branch office at 1122 Coney Island Avenue, Brooklyn, New York. Delta's Brooklyn branch employed licensed stock brokers, also referred to as "registered representatives," and unlicensed stock brokers who sold securities to Delta's clients.

Great Eastern Securities

3. Great Eastern Securities ("Great Eastern") was a broker-dealer of securities registered with the SEC and the NASD. Great Eastern's principal office was located at 2 Seaview Boulevard, Port Washington, New York. In or about June 2004, Delta's Brooklyn branch was converted into a Great Eastern branch office. Great Eastern's Brooklyn branch employed licensed stock brokers, also referred to as "registered representatives," and unlicensed stock brokers who sold securities to Great Eastern's clients. The Delta and Great Eastern offices located at 1122 Coney Island Avenue are referred to collectively as the "Brooklyn branch" in the following paragraphs of this Superseding Indictment.

The Defendants

4. The defendant SIMONE V. PALAZZOLO was an attorney who maintained an office at 444 Madison Avenue, Suite 2904, New York, New York.

5. The defendant MARTIN I. SAPOSNICK was a stock promoter who maintained an office at 444 Madison Avenue, Suite 2904, New York, New York.

6. The defendant MARK SHREYBERG, together with others, owned the Brooklyn branch and managed and supervised its brokers. SHREYBERG also worked as an unlicensed broker at the Brooklyn branch.

The Fraudulent Scheme

7. In or about and between March 2004 and August 2004, the defendants SIMONE V. PALAZZOLO, MARTIN I. SAPOSNICK and MARK SHREYBERG, together with others, devised, implemented, oversaw and participated in a fraudulent scheme to manipulate the market price of Trade Wind common stock.

8. As a part of this scheme, the defendants SIMONE V. PALAZZOLO and MARTIN I. SAPOSNICK, together with others, obtained control over a large block of Trade Wind common stock for little or no consideration.

9. As a further part of this scheme, the defendants SIMONE V. PALAZZOLO, MARTIN I. SAPOSNICK and MARK SHREYBERG, together with others, agreed that PALAZZOLO and SAPOSNICK would pay secret kickbacks to SHREYBERG and brokers employed at the Brooklyn branch in exchange for SHREYBERG and the brokers causing their clients to purchase shares of Trade Wind common stock at

artificially inflated prices from accounts controlled by PALAZZOLO, SAPOSNICK and others.

10. As a further part of this scheme, the defendants SIMONE V. PALAZZOLO, MARTIN I. SAPOSNICK and MARK SHREYBERG, together with others, created artificial market demand for the purpose of inflating the Trade Wind's common stock price. Among other deceptive and manipulative means, the defendants, together with others: (a) made and caused to be made materially false and fraudulent representations to Delta and Great Eastern customers in order to induce those customers to purchase Trade Wind common stock; (b) used and caused to be used high pressure and deceptive sales tactics in order to induce Delta and Great Eastern customers to purchase Trade Wind common stock; (c) paid and accepted excessive, undisclosed commissions, including cash payments and other items of value, in exchange for brokers at the Brooklyn branch recommending and selling Trade Wind common stock to retail customers; (d) instructed unregistered brokers and cold callers routinely to misrepresent to Delta and Great Eastern customers that they were registered brokers when selling Trade Wind common stock.

COUNT ONE

(Conspiracy to Commit Securities Fraud)

11. The allegations contained in paragraphs 1 through 10 are realleged and incorporated as though fully set forth in this paragraph.

12. In or about and between March 2004 and August 2004, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants SIMONE V. PALAZZOLO, MARTIN I. SAPOSNICK and MARK SHREYBERG, together with others, did knowingly and intentionally conspire (a) to defraud persons in connection with securities of an issuer with a class of securities registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Trade Wind, and (b) to obtain, by means of false and fraudulent pretenses, representations and promises, money and property in connection with the purchase and sale of securities of an issuer with a class of securities registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Trade Wind, all in violation of Title 18, United States Code, Section 1348.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNT TWO
(Securities Fraud)

13. The allegations contained in paragraphs 1 through 10 and 12 are realleged and incorporated as though fully set forth in this paragraph.

14. In or about and between March 2004 and August 2004, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants SIMONE V. PALAZZOLO, MARTIN I. SAPOSNICK and MARK SHREYBERG, together

with others, did knowingly and intentionally execute, and attempt to execute, a scheme and artifice (a) to defraud persons in connection with securities of an issuer with a class of securities registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Trade Wind, and (b) to obtain, by means of false and fraudulent pretenses, representations and promises, money and property in connection with the purchase and sale of securities of an issuer with a class of securities registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Trade Wind.

(Title 18, United States Code, Sections 1348, 2 and 3551 et seq.)

COUNT THREE


(Conspiracy to Commit Money Laundering)

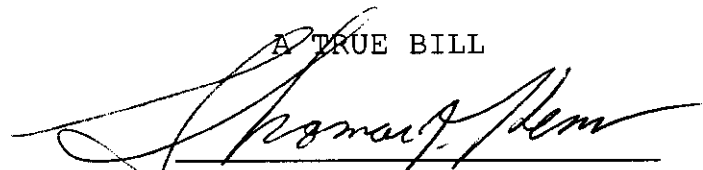
15. The allegations contained in paragraphs 1 through 10, 12 and 14 are realleged and incorporated as though fully set forth in this paragraph.

16. In or about and between March 2004 and August 2004, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants SIMONE V. PALAZZOLO and MARTIN I. SAPOSNICK, together with others, did knowingly and intentionally conspire to conduct financial transactions affecting interstate and foreign commerce which in fact involved the proceeds of specified unlawful activity, to wit, securities fraud, knowing that the property involved in such

financial transactions represented proceeds of some form of unlawful activity, (a) with the intent to promote the carrying on of the specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i), and (b) knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership and control of such proceeds, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

(Title 18, United States Code, Sections 1956(h) and 3551 et seq.)


ROSLYNN R. MAUSKOPF
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

A TRUE BILL

FOREPERSON

UNITED STATES DISTRICT COURT

EASTERN District of NEW YORK

Criminal Division

THE UNITED STATES OF AMERICA

vs.

**SIMONE V. PALAZZOLO,
MARTIN I. SAPOSNICK and
MARK SHREYBERG,
Defendants.**

**SUPERSEDING
INDICTMENT**

(T. 18, U.S.C., §§ 1348, 1349, 1956(h),
2 and 3551 et seq.)

A true bill.

Thomas J. Asaro Foreman
Filed in open court this _____ day,

of _____ A.D. 20 _____

Clerk

Bail, \$ _____

AUSA Michael Asaro (718) 254-7498